



Transmitted by e-mail

April 10, 2020

Marshall Eyerman, Chief Financial Officer/City Treasurer  
City of Moreno Valley  
14177 Frederick Street  
Moreno Valley, CA 92552

### **2020-21 Annual Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Moreno Valley Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 21, 2020. Finance has completed its review of the ROPS 20-21.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 2 – 2007 Special Tax Refunding Bonds-Towngate 87-1 in the amount of \$1,203,178 has been reclassified from Redevelopment Property Tax Trust Fund (RPTTF) to Bond Proceeds. Based on our review of the debt service schedule, this is the final payment. The Agency has cash in its bond reserve account fund in the amount of \$1,203,178 which must be used to satisfy the final debt service payment. Therefore, with the Agency's concurrence, \$1,203,178 has been reclassified from RPTTF to Bond Proceeds.
- Item No. 13 – CalPERS Retirement Liability in the total outstanding amount of \$193,971 is not allowed. Finance continues to deny this item. No new documentation was provided. It is our understanding the agreement originally entered into on October 16, 1985 is between the City of Moreno Valley and the California Public Employees' Retirement System; the former Redevelopment Agency (RDA) is not a party to the agreement. Absent a contract or agreement between the RDA and third party, the Agency's responsibility for payment of this obligation is not legally enforceable. Therefore, the requested amount of \$13,855 in RPTTF funding is not allowed.
- Item No. 14 – Retiree Medical Trust in the total outstanding amount of \$62,466 is not allowed. Finance continues to deny this item. No new documentation was provided. The Agency provided a Cooperation Agreement dated March 8, 2011 and multiple Oversight Board (OB) Resolutions. However, these documents do not relate to the line item and therefore are insufficient. Absent a contract or agreement between the RDA and third party, the Agency's responsibility for payment of this obligations is not legally enforceable. Therefore, the requested amount of \$4,461 in RPTTF funding is not allowed.

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the OB has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2017 through June 30, 2018 (ROPS 17-18) period. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the prior period adjustment (PPA) resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,795,614, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 20-21. If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available on our website:

[http://dof.ca.gov/Programs/Redevelopment/Meet\\_And\\_Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 20-21. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 20-21 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 20-21 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Todd Vermillion, Supervisor, or Jeremy Bunting, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Brian Mohan, Financial Resources Division Manager, City of Moreno Valley  
Pam Elias, Chief Accountant Property Tax Division, Riverside County

<b>Approved RPTTF Distribution July 2020 through June 2021</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>ROPS 20-21 Total</b>
RPTTF Requested	\$ 2,429,847	\$ 2,411,531	\$ 4,841,378
Administrative RPTTF Requested	125,000	125,000	250,000
<b>Total RPTTF Requested</b>	<b>2,554,847</b>	<b>2,536,531</b>	<b>5,091,378</b>
<b>RPTTF Requested</b>	<b>2,429,847</b>	<b>2,411,531</b>	<b>4,841,378</b>
<u>Adjustments</u>			
Item No. 2	(601,589)	(601,589)	(1,203,178)
Item No. 13	(13,855)	0	(13,855)
Item No. 14	(4,461)	0	(4,461)
	(619,905)	(601,589)	(1,221,494)
<b>RPTTF Authorized</b>	<b>1,809,942</b>	<b>1,809,942</b>	<b>3,619,884</b>
<b>Administrative RPTTF Authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
ROPS 17-18 prior period adjustment (PPA)	(74,270)	0	(74,270)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 1,860,672</b>	<b>\$ 1,934,942</b>	<b>\$ 3,795,614</b>